

Message Text

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ACTION NEA-10

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SUBJECT: BANK EMPLOYEE MILITANTS INTENSIFY STRIKE ACTION

SUMMARY: STRIKE ACTION BY BANK EMPLOYEES UNION, BUILDING UP RAPIDLY IN LAST TWO DAYS, HAS BROUGHT NEARLY ALL ACTIVITY IN HEAD OFFICES OF NATIONALIZED BANKS AND GOP FINANCIAL INSTITUTIONS IN KARACHI TO A HALT AS OF JUNE 27. POLICE ACTION IN ATTEMPT TO END STRIKE HAS INCLUDED ARRESTS BANK EMPLOYEE LABOR UNION LEADERS AND USE OF TEAR GAS IN BANKING DISTRICT IN ATTEMPT CLEAR STREET OF STONE-THROWING BANK EMPLOYEES. STRIKE AND CONSEQUENT SUSPENSION FINANCIAL TRANSACTIONS AT VERY END OF FISCAL YEAR PARTICULARLY IRKSOME TO BUSINESS. END SUMMARY

1. FOLLOWING PUBLICATION BY WAGE COMMISSION FOR BANKS AND FINANCIAL INSTITUTIONS, ON JUNE 10, OF NEW UNIFORM PAY SCALE FOR ALL NATIONALIZED BANKS AND OTHER GOVERNMENT FINANCIAL INSTITUTIONS (WHICH CUT BACK ON SOME FRINGE BENEFITS, ELIMINATES OVERTIME AND PROVIDES FOR GOP TAKEOVER OF BANK PROVIDENT FUNDS),

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REACTION OF BANK EMPLOYEES UNION HAS BEEN STRONG. UNION STARTED

TOKEN HOUR-LONG STRIKES AS EARLY AS JUNE 12 WHICH WERE EXTENDED TO FULL STRIKE EARLY THIS WEEK. SITUATION HAS GROWN CONSIDERABLY MORE TENSE IN MAIN KARACHI BANKING DISTRICT ALONG I. I. CHUNDRIGAR ROAD (THE WALL STREET OF PAKISTAN) FOLLOWING ARRESTS BY POLICE OF STRIKE LEADERS, WHICH BEGAN NIGHT OF JUNE 25 AND CONTINUED NEXT DAY. WELL-INFORMED SOURCES HERE BELIEVE ABOUT 60 BANK EMPLOYEE UNION LEADERS HAVE NOW BEEN ARRESTED. IN FURTHER GOVERNMENT ACTION DESIGNED TO CRUSH STRIKE, POLICE ENTERED HABIB BANK HEAD OFFICE ON CHUNDRIGAR ROAD JUNE 26 AND ARRESTED MORE BANK EMPLOYEES WHILE ROUGHING UP OTHERS. CHUNDRIGAR ROAD HAS BEEN SCENE JUNE 27 OF FURTHER CLASHES BETWEEN STRIKERS AND POLICE. HEAD OFFICES OF ALL FIVE NATIONALIZED BANKING GROUPS AS WELL A DISTATE BANK NOW EFFECTIVELY CLOSED DOWN OWING STRIKE ACTION.

2. BANK EMPLOYEE REACTION TO ARRESTS OF UNION LEADERS HAS BEEN CESSATION OF WORK AND MOST BANK OFFICIALS ALSO PREVENTED BY STRIKERS FROM ENTERING OFFICES. AS OF MORNING OF JUNE 27 POLICE ACTION AGAINST STRIKING BANK EMPLOYEES IN CHUNDRIGAR ROAD AREA HAD INTENSIFIED TO USE OF TEAR GAS SHELLS IN RESPONSE TO ROCKS THROWN BY STRIKERS. MOST REPORTS ARE THAT STRIKERS HAVE BURNED ONETQSS IN BOULTON MARKET AREA AND THAT BUS TRAFFIC HALTED IN CENTRAL COMMERCIAL DISTRICT ADJACENT CHUNDRIGAR ROAD.

3. SINCE WAGE COMMISSION DECISIONS CONCERN ONLY NATIONALIZED PAKISTANI BANKS, THE THREE U.S. BANKS IN PAKISTAN, WHOSE HEADQUARTERS ALSO ON CHUNDRIGAR ROJSU ARE NEARER THE STRIKE AREA, HAVE ONLY BEEN INDIRECTLY AFFECTED. EMPLOYEES OF U.S. BANKS HAVE REMAINED AND WILL PROBABLY CONTINUE REMAIN ON DUTY, DESPITE CALL FROM STRIKING BANK EMPLOYEES TO JOIN THEM. OPERATIONS OF U.S. AND OTHER FOREIGN BANKS HAVE BEEN CURTAILED, HOWEVER, SINCE TWO HAVE GROUND FLOOR LOCATIONS ALONG CHUNDRIGAR ROAD CLOSE TO FLYING STONES AND POLICE TEAR GAS. HEAD OF ONE U.S. BANK HERE TOLD DPO MORNING OF JUNE 27 THAT CLEARING HOUSE FUNCTIONS OF STATE BANK CLOSED DOWN, SO THAT CHECKS NO LONGER BEING CLEARED AND FOREIGN EXCHANGE TRANSACTIONS HAVE CEASED FOR TIME BEING.

4. COMMENT: MAIN COMPLAINT OF BANK EMPLOYEES HAS CONCERNED ELIMINATION OF OVERTIME PAY, WHICH MANY EMPLOYEES WERE ROUTINELY COLLECTING, AND GOP TAKEOVER OF PROVIDENT FUND CONTRIBUTED BY BANKS FOR BENEFIT OF EMPLOYEES. ALTHOUGH NEW SALARY SCALES LIMITED OFFICIAL USE

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PROVIDE CONSIDERABLY HIGHER SALARY LEVELS FOR EMPLOYEES OF SMALLER BANKS (WHICH TRAILED THOSE OF MORE AFFLUENT LARGER BANKS), EMPLOYEES FEEL ELIMINATION OF FRINGE BENEFITS RESULTS IN NET WORSENING OF TERMS OF EMPLOYMENT. ON OTHER HAND, BANK OFFICIALS LIKE PRESIDENT OF MUSLIM COMMERCIAL BANK GROUP, WITH WHOM DPO SPOKE FEW DAYS AGO, CLAP UNION LEADERS, RATHER THAN RANK AND FILE EMPLOYEES, HAVE BEEN INCENSED BY UNIFORM PAY SCALE WHICH REDUCES COLLECTIVE BARGAINING RIGHTS AND THEREFORE POWER OF UNION

OFFICIALS. OFFICIALS ALSO ALLEGE AND CONGEN BELIEVES PROBABLY GOOD DEAL OF TRUTH IN ALLEGATIONS THAT SOME UNION OFFICIALS AND OTHERS HAVE BEEN ABUSING FRINGE BENEFITS SYSTEM THROUGH COLLECTION PHONY MEDICAL BILLS AND OTHER MALPRACTICES, OPPORTUNITY FOR WHICH NOW CURTAILED. EMPLOYEES OF SOME BANKS HAD ALSO BEEN RECEIVING A REGULAR MONTHLY FIXED SUM IN LIEU PAYMENT ACTUAL MEDICAL EXPENSES. SUCH PAYMENTS HAVE BEEN ELIMINATED BY WAGE COMMISSION.

5. DIFFICULT TO ESTIMATE AT THIS POINT HOW LONG STRIKE WILL LAST IN FACE STRONG POLICE ACTION BUT WE BELIEVE COULD CONTINUE UNTIL GOP MAKES AT LEAST SOME CONCESSIONS. INTERESTING TO NOTE THAT KARACHI PRESS, CLEARLY THROUGH GOP ORDERS, HAS CARRIED NO DIRECT REPORTING AT ALL ON STRIKE INCIDENTS OF LAST TWO DAYS, ALTHOUGH STRIKE IS NOW AFFECTING ALL THOSE WHO WISH TO CARRY ON BUSINESS OR MAKE PAYMENTS THROUGH THE BANKING SYSTEM AND IS A PRIME SUBJECT OF CONVERSATION IN CITY. PRESS COVERAGE OVER LAST WEEK HAS BEEN LIMITED TO EXHORTATIONS OF GOVERNMENT LEADERS FOR STRIKERS TO RETURN TO WORK AND EVEN THIS FORM OF COVERAGE WAS MUTED TODAY. TIGER

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